



CONNECTICUT ASSOCIATION OF
REALTORS® INC.

Statement on

S.B. 16 (Raised): An Act Exempting New Home Builders' Employees From Real Estate Licensing Requirements

OPPOSE

Submitted to the Joint Committee on Insurance and Real Estate
February 14, 2012

By Eugene A. Marconi, General Counsel
Connecticut Association of REALTORS®, Inc.

Good afternoon, Chairman Crisco, Chairman Megna, and members of the committee. My name is Eugene Marconi and I am the General Counsel for the Connecticut Association of REALTORS® and pleased to represent its 15,000 members in Connecticut. I appear today to express the Association's strong opposition to S.B. 16 (Raised): An Act Exempting New Home Builders' Employees From Real Estate Licensing Requirements

I would note initially that the language of the bill provides a complete exemption for a new home construction contractor who has registered and all of its employees; there is no limitation only to real property owned by the new home construction contractor. This means that someone holding a new home construction contractor license may act for another and for a fee or other valuable consideration in the sale, lease, or exchange of real estate in the same manner as a real estate licensee despite not meeting the education, testing or personal qualifications necessary to engage in the real estate business. Under the language of this bill, there would no longer be any need for a real estate broker or salesperson license since a simple registration as a new home construction contractor would be sufficient. The language of the bill as written would destroy the real estate broker and salesperson licensing requirements in this state.

111 Founders Plaza, Suite 1101, East Hartford, CT 06108-3212
Tel: (860) 290-6601 | Toll Free: (800) 335-4862 | Fax: (860) 290-6615
www.ctrealtors.com



The Voice for Real Estate™ in Connecticut

It may be that what was contemplated was an exemption permitting the new home construction contractor to hire and pay individuals to sell real estate owned by the new home construction contractor. The Association would also oppose such an exemption. New home construction contractor registrants who own real estate may currently sell that real estate through corporate officers, limited liability company members or managers, partners or sole proprietorships. So an exemption would encompass employees, however that is defined, of the new home construction contractor who can be incentivized by commission, bonus or otherwise for having made a sale.

This does not benefit the consumer in any way. Real estate salespersons must pass a prescribed course of study and a licensing examination before receiving a salesperson's license. That license must be maintained by completing continuing education requirements every two years. Those salespersons must then pass another prescribed course of study, pass another examination, and meet an experience requirement before receiving a license as a real estate broker. New home construction contractors must fill out a form and pay a fee in order to become a new home construction contractor. A licensing exemption would then allow that new home construction contractor to hire anyone it wished to sell the contractor's property to a consumer. These hired salespeople would not be subject to the licensing regulations that impose obligations on real estate licensees concerning the handling of client's funds, the disclosure of material facts, the obligation to put the agreement of the parties in writing, requirements for written representation agreements and disclosure notices, document retention requirements and prohibitions on kickbacks to attorneys and mortgage brokers.

Exempting a new home construction contractor's employees from licensing also exempts those employees from all of these obligations and the training and testing necessary to comply with those obligations. The only "qualification" for the employee would be to sell the contractor's real estate to the consumer for as much as possible by any means short of an unfair trade practice. Such an exemption would seek for the first time to carve out an exemption under the real estate licensing laws for an untrained, unregulated, private and for-profit person to sell real estate to a consumer.

This matter is of such importance to the Association that it would ask that if the language of raised bill No. 16 is changed or substituted, that an additional public hearing on the changed or substituted language be held.

Thank you for your time in considering these comments on a matter of extreme importance to the Association's 15,000 members.



The Voice for Real Estate™ in Connecticut

111 Founders Plaza, Suite 1101, East Hartford, CT 06108-3212
Tel: (860) 290-6601 | Toll Free: (800) 335-4862 | Fax: (860) 290-6615
www.ctrealtor.com